

MINUTES
New Energy Industry Task Force (NEITF)
Subcommittee on Business Case
(Development of Key Metrics, Draft RFP and Manage Business Case)
October 9, 2012
4:00 p.m.

The meeting was held via conference call

- 1. Call to order and Roll Call.** Ian Rogoff, Co-Chairman opened the meeting at 4:00 p.m. and opened this agenda item.

<u>Member Names</u>	<u>Present</u>	<u>Absent</u>
Ian Rogoff, Co-Chair	X	
Jason Geddes, Co-Chair	X	
Ellen Allman		X
Tom Morley		X
John Candelaria	X	
Alex Gamboa		X
Dan Jacobsen	X	
Paul Thomsen		X
Joni Eastley	X	
Kathleen Drakulich	X	
Jim Baak	X	
James Settelmeyer		X
Jack McGinley	X	
Stacey Crowley	X	

- 2. Public comments and discussion.**

Members of the public in attendance: Phil Williams, Don Johnston, Wendy Ellis; Luke Busby, Mike Hazard, and Dagny Stapleton.

Chairman Ian Rogoff noted that public comments will be permitted on agenda matters which are before the Subcommittee for consideration or action. He asked that comments be limited to three minutes.

Mr. Hazard commented on the Synapse draft report and wanted to make note of the fact that the report identifies California as a sizeable market for renewable energy, but that he has not heard from anyone in California who is ready to buy; that a renewable energy company in Las Vegas laid people off; and that a viable market should be identified before putting ratepayer funds at risk. He also said he believed that RPS standards should be capped at their current level of 15 percent. He noted an article at energy.aol.com that reports that natural gas prices are trending down, according to Ron Norman with PA Consulting Group, which threatens the state's RPS. He concluded that these comments should be kept in mind when considering a business case.

Ms. Ellis, Las Vegas, commented that the impacts identified in the Synapse report are based on the assumption that if any projects are built, private investments will follow if required market conditions exist, and that a viable market opportunity should be identified before putting taxpayer funds at risk. She stated that she did not think this was a good deal for taxpayers or ratepayers and that it sounds like the RPS requirement will be increased. She noted that power purchase agreements may not come from California and that if the project is built in Nevada, then the RPS is increased and expensive renewable energy will be purchased.

3. Review and Approval of Minutes from September 19, 2012 Business Case Subcommittee meeting.

Because the draft minutes were not received before the meeting, this item was deferred.

4. Discussion and possible action regarding Synapse Draft Report.

Verbatim transcription follows:

CHAIR:

Thank you. Let's move to item four, Discussion and Possible Action Regarding the Synapse Draft Report. Let's start by saying what I'd like to do is go around the call for each subcommittee member, just like we did last time, and get your feedback, positives, negatives and an indication of whether you can accept the report or not. We're going to try to take a vote today whether to accept the report, not whether we agree with it, not whether we disagree with it, but whether we accept it and recommend it to the overall task force. So I don't want to presuppose what your conditions are for accepting or rejecting, I'd like to hear it from you, from each of the members of the subcommittee. And it's open mike, so please feel free to detail what you think is acceptable, what you think is unacceptable. You may choose not to approve the report or accept the report, excuse me, for passing along to the Task Force based upon whatever conditions that you think are important. So to summarize what we're going to try to do today is determine whether we accept the report, again not whether we agree with it or disagree, just whether we accept it and whether we're going to pass it on to the overall Task Force. Let's just go around the subcommittee, and I'm going to go based upon the roll and try to get everybody's feedback as to how you feel about the report and whether or not you would vote to accept it; and if not, let me ask you this, you could just indicate what it would take or there's no way. Jim Baak, can we start with you?

MR. BAAK:

Sure. First off, let me start by saying I think that the report really didn't meet my expectations. I have to say I think it missed the mark. I think that it really just is one-sided in that it presumes that --- you know, the entire point of this was to merely look at the export potential for Nevada, and I understand that this is trying to develop the business case for Nevada. But the business case really is broader than that. It requires looking at what the potential benefit to Nevada is as well as what the potential benefit to a trading partner. Why wouldn't California as a potential trading partner be dealing with Nevada? I don't think it really does that. I think it falls short for me on that.

I also don't agree with some of the assumptions. I know this isn't about agreeing with results of the report or not, but you know, for me, again, I think it just misses the mark. I don't think that it does a good enough job in really evaluating the potential exchange between California and Nevada. So right now at this point I would be leaning towards not accepting the report.

CHAIR:

All right, thanks Jim. John Candelaria, would you like to go next?

MR. CANDELARIA:

I'm not sure that I'd like to go next, but other than that --- first of all, accepting the report, I'm not sure what that means. I definitely don't agree with a lot of the information that's in the report. I had made several suggestions at the last meeting. It appears that none of them are taken. And I just don't really feel like there is an "apple to apples" comparison on developing renewable energy and transmission in Nevada versus California. We still have a situation where we have new transmission development, new renewable energy development, compared to average historical cost of renewable energy in California. And that just doesn't make sense to me. I agree with what Jim Baak was saying about this missed the mark. I think there is some valuable stuff in here. If it's corrected and, you know, there is an "apples to apples" comparison made. Also, I see that we don't have the meeting minutes. I didn't have a chance to look at them, because they're not available. I don't know what was ultimately given to Synapse to change. I tried to compare the two reports today to see where changes were made. And you know, I'm at a loss for why they made changes in certain areas. I just don't understand, what was their charge when we gave them our comments. And again, I could go through and make a list of all the stuff, all the areas where I have problems, but that would take a long time. I think just bottom line is as far as using the report for certain purposes, I think we could if it was --- if we could define those purposes and say this is one piece of a business case for Nevada and maybe there's other things that we can do. As far as accepting the report in total, I'm not sure I would do that at this point. That's all I have.

CHAIR:

Just to clarify, your "apples to apples" feedback was provided to Synapse. Kathleen, would you like to go next?

MS. DRAKULICH:

Well, I think that the later you go on this call and provide your input, the more persuaded you are going to be by the fact that colleagues you respect have issues with the report. I was one of these people that weighed in on the last call and seconded the motion or the suggestion by John Candelaria regarding the comparison. And my concern about the comparison not having been done was that the report is vulnerable. John asked a rhetorical question, but I guess I would like, Ian, maybe for you to be a little more specific about it. What does it mean if we accept the report today?

CHAIR:

Ok, John had the same question. The business case subcommittee, the combination, let's say, of the two subcommittees was tasked with putting together a business case for developing renewable resources and determining what the economic impacts, benefits, downside would be to developing those renewable resources in the State of Nevada and agreed principally that was under the scenario of export. And, a consultant has been hired and has gone to work on that problem, or that question and has submitted their report. They feel that they have done the best that they could do. They feel that they've done a good job. If you think that there's additional work that could be done, that fell outside the scope of what was in the original RFP, but they're loathe to change their report too much for scope reasons as well as integrity reasons. And we've got to make the decision whether we say, okay, we issued an RFP, we selected a vendor, a consultant, they provided us a report, we're not happy with this report and we're not going to send it on to the full Task Force with either an endorsement or without. And, in effect, we're saying to the Task Force, we do not have a business case one way or another. That doesn't preclude us from coming up with our own work. It doesn't preclude us from doing the policy work.

It doesn't preclude us from anything else. It just says that this report doesn't meet our standards to forward to the Task Force to form the basis of any further work that we do. We can do the other work. We can do the policy work. We can do anything else we want, but what we'd be saying effectively is that this report doesn't form the basis in fact for that following work; does that make sense?

MS. DRAKULICH:

Yes, I think so. My concern is that we spent taxpayer dollars putting this report together. And I'm wondering if they feel constrained by the big prize, you know. I would never suggest to a consultant or to anyone, regardless of their station or their expertise, that they change conclusions that they've reached based on information they've reviewed if that was their conclusion and they feel it's well-supported. I don't think the issue is changing the report to compromise their integrity. I don't hear anybody saying that. I think the issue is including those things that, you know, collectively --- and we're just on the third member of the committee right now --- but collectively that we thought and indicated to them, and I'm happy you provided us with information, that they were given the suggestion by John that they do the comparison of the two states. My concern isn't that what they've done here should be challenged and to compromise their integrity. My concern is that what we asked them to do from what I can tell wasn't done.

CHAIR:

Let me just counter upon that quickly. I wasn't meaning to imply that there was any integrity issues with the "apples to apples" as John raised it. That fell into the scope creep. They did feel that that was scope creep. I went back to look at the RFP, and you could argue it both ways. I didn't mean to imply in any way that that fell into the integrity. I simply was providing the two conditions that they gave. And I think both conditions are fair. But they didn't identify any specific requests from any single person from the State Energy Office or members of the subcommittee or anybody that asked them to compromise their integrity. I'm just reading through my notes, and those are the feedback that they gave. So I'm not trying to ascribe any motives at all.

MS. DRAKULICH:

All right, maybe I misspoke because I tend to agree with everything you just said. So I just don't want them to think that by asking, you know, to supplement the report, to do additional things, to include certain comparisons, to mean you know that we don't agree with the conclusions that they reached in the report. Anyway, I'm getting far afield here. The point I think really is, as I hear you just explain it, Ian, is do we have a difference of opinion about the scope of the RFP?

CHAIR:

I think it's fair to say that. I had a separate private conversation with Synapse where I made the case that John had made so well, which was if you can't do an "apples to apples" comparison, then what is the economic advantage? And you know, I thought John made that case very well, and I tried to represent that case as best I could to Synapse. Their feeling was that we didn't lay that out effectively in the RFP. And I went back and I looked, our intent is certainly there. I'm not going to question our intent at all, because I've been very gratified with the level of participation and thoughtfulness and conscientiousness in this subcommittee. But I can see also their point of view, which was we didn't explicitly lay out the calculation that we would have been satisfied with. So I'm not trying to equivocate. I'm just saying that, you know, we put that express request in. They met most of our requests. When we said take out the unsupported opinions, they went and did that. When we said rank the scenarios, they went back and did that. You know, we gave them some very

specific feedback, and John's feedback was part of it. That was one of the things they felt was out of scope, but they certainly agreed that would be something important to do.

MS. DRAKULICH:

Ok, so, I mean, I just would maybe want to table my position on this for the time being, but you also said that we could present the business case to the Task Force and supplement it. In other words, it would only be reviewed --- let's say we agree in the subcommittee to supplement it. We agree that there's sufficient information out there that we could independently gather or provide or review and come to some consensus about or not, but information that we would want maybe as part and parcel of the submission to the full Task Force. Are we eligible to do that along with this report?

CHAIR:

I'm going to defer that to Stacey. Stacey, are you still on the call?

MS. CROWLEY:

Yes, I am.

CHAIR:

Did you hear Kathleen's question? I think it's a good one.

MS. CROWLEY:

To rephrase it, you wanted to know what the Task Force would do with this information.

MS. DRAKULICH:

In our conversations here we talked about what the report does and doesn't do. And the changes that they've made and the things that are included that members of the subcommittee thought were very important to have in the business case. And I understand now that there's an issue regarding maybe the scope of the RFP, what they viewed as included and what our specific intent was, and those don't coincide. My question was can this report be submitted to the full subcommittee as supplemented by information produced by --- I'm sorry, the full Task Force as supplemented by information provided by the subcommittee regarding the business case? And I don't know that we're in a position to develop that with the people have. That's what we hired the contractor for. But, you know, I don't want to see the thing hit the cutting room floor and not be used for any purpose.

MS. CROWLEY:

Yes. I'm going through that in my mind as well. I think we have the ability to do that. The question is, and Ian asked this, what would we need to see in order to make this a valuable exercise and what additional information would we need? There is information in the report that can be used in my opinion to help us get to some scenario, or some policy discussions that could develop into scenarios. If we went to the utility model, it would look like this. But they don't get there in this report. Is that something we can do within our body, our subcommittee? It's a good question. I would like to try. And some of you may recall that the scope of work was for just under \$100,000 for the Synapse Report. We have \$125,000 for this work. So we do have some additional funds. If the committee felt that those additional funds could go to a very specific purpose, we could go that route. Timing is of concern. We want to get the right set of information in a timely manner. So, to answer your question, I think the committee could supplement this with anything, whether it is something that the committee does itself or requests an outside source to do. We have limited funds. We could seek additional funds. We have that ability.

MR. BAAK:

Stacey and Ian, this is Jim Baak. A question for you following that comment, Stacey, thank you, is that if we vote not to accept the report, in my mind that means that we don't feel that the report met our expectations, but that doesn't preclude us from taking the elements of the report that we think are valuable and useful and using that. So I think that I need to make sure that I'm clear that the consequences of accepting versus not accepting a report on use of the information contained in the report.

MR. GEDDES:

This is Jason. I just want to add onto that. You know, we had two separate subcommittees. We merged them pending the outcome of the business case, because the group didn't want us to go down a path without having the work of the business case subcommittee done. And we have that not quite as done as people would like it, but we have that. I think, to answer the earlier question, we can supplement or disregard any of the suggestions in there. Really it's to provide our policy discussion with a framework. If we think their data didn't go far enough or it went too far, or their conclusions went too far, that's up to this subcommittee to decide and recommend to the full Task Force and for the full Task Force to decide and move forward. I think personally that we should accept the report. We should ask that either the minutes or comments from people with their issues and concerns with the report be submitted in writing, and we can attach it to the report and give that to the full Task Force. But I think there's a lot of information in this report that will guide the full Task Force, and they will need to be able to have a discussion at that level. So I'd prefer to give them --- to accept the report, to add in letters or critiques or comments or the minutes that show where we missed the boat on "apples to apples." Then this group can have policy discussions and recommendations. And then we can provide all that to the full Task Force for its review and recommendations.

MR. MCGINLEY:

And Ian, this is ---.

CHAIR:

That sounded like Jack. Please, go ahead, Jack.

MR. MCGINLEY:

I was going to say, why don't you go through the rest of the members and see what their opinions are? We kind of stopped on one or two. And maybe we should listen to everybody and then draw some conclusions.

CHAIR:

I was just inferring to our counselor again. Kathleen, did you have any more feedback that you wanted to provide?

MS. DRAKULICH:

I did not, but I agree with Jack McGinley. I do think we should hear from everyone, but yes, thank you very much for that and for those of you who provided input. I really appreciate it.

CHAIR:

Thanks, Kathleen. Why don't we go to the next --- Joni, are you on the call?

MS. EASTLEY:

Yes, I am. I guess my input is going to be questions and confusion. Were we not clear when we issued the RFP in terms of the scope of work and what we expected the outcome to be? I thought we were very clear.

MS. CROWLEY:

This is Stacey. Yes, the RFP went kind of above and beyond normal RFPs. We provided, with the help of Western Grid Group, quite a bit of detailed information for the respondent. The respondent was a qualified

respondent. Although, they didn't understand the California market like we might have thought they would. So they spent, I think, more time understanding the market than getting down to the real specifics. They did in part respond to the scope of work. I think as Ian said, there could be some argument as to how in-depth they would go. So I think we were clear in our scope of work.

MS. EASTLEY:

Well, then, it would seem to me just based on what I'm hearing from my colleagues on the subcommittee, that they delivered a product that didn't meet out specifications based on the scope of work. So in that regard, I would have to agree that the product they delivered to us was unacceptable.

CHAIR:

I think, Joni, it's fair to say that it's not as good as we would have liked.

MS. EASTLEY:

Okay. Yes.

CHAIR:

I think it's also fair to say that we built the RFP as a committee and a couple of consultants and did as good a job as we can. And when I read the RFP, I look at it and I say how can you possibly have come up with a business case if you didn't compare delivered costs from one state to the other? You look at it and you say that's a plausible conclusion. If you're the consultant reading that, and we didn't explicitly lay that out, I can see how --- and I'm simply saying this trying to represent a middle ground. And, in all candor, I'm on the same side of the fence as you are. I'm simply pointing out if you're the consultant reading it, and you've gone through it and as Stacey pointed out, you did a lot of work, I can see their statement. I can see their claim. And as much as I disagree with it, I can see why they say that. And, I don't think it's cut and dry. I think that if you look through the report, they've given us pretty good information about the scenarios. They've ranked them. I'm not going to defend more than I already have where we are. But where we are is where we are. And I sort of agree with Kathleen's point about the cutting room floor and Jason's point about how we can augment and modify and supplement the report. There is good information in here. I don't think the lack of apples to apples disqualifies the report in my mind, just to answer your question. But I have issues with the report just like everybody else on the call. The question is do you want to throw the baby out with the bathwater?

MS. EASTLEY:

Is it worth \$100,000? And the reason I ask that, Ian, is because I have to look at --- I'm looking at this the only way that I can, which is through the eyes of somebody in my position on the Board of County Commissioners. And if I was absolutely confident that the RFP that was issued was explicitly clear in what we wanted the product to look like and what we wanted the outcomes to be, then I would be saying to the vendor, you didn't give us what we asked for. And to me, if we have to spend more money to fix what we've been given or if we have to do additional work ourselves as a committee to augment the report, then we didn't get what we asked for.

CHAIR:

Well, I will say this, I think Stacey and Sue and others did a heroic job in making ---

MS. EASTLEY:

I absolutely agree with that.

CHAIR:

Yes, making the case to Synapse that this material needed to be included. Please, don't think that it was glossed over or anything like that. People reinforced that point you're making numerous times. And I'm simply

pointing out that I think that a credible reading, a conscientious reading of it, you could have an argument. And it's just a document. And you could see how we ended up here. But I don't want you to lose sight of the fact that there's a lot of information here, notwithstanding the fact that we think they've missed some important things. They captured a lot of important things. Is it worth \$100,000? It's not for me to say. Everybody in their own mind can make that calculation. But I do want to emphasize that there's a lot of very good information here. Let's analyze the various scenarios, their impacts, and that's even with understanding that we don't have some of the data that we were looking for. That was a wishy-washy way of saying I pretty much agree with everything you said. And then we still need to make a decision on what we want to do about it.

MS. EASTLEY:

What we want to do about it or what we can do about it? Isn't this a time-sensitive issue?

CHAIR:

Yes. Let's just continue --- I think it is, but let's go around the call and get everybody's feedback and figure out how we can come to a consensus on the next steps? But yes, I think it is a time-sensitive situation.

Dan Jacobsen, are you still on the call?

MR. JACOBSEN:

I am. Thank you for an opportunity to comment. You know, I think the criteria or at least one of the criteria we ought to use is, if this were handed to policymakers, is it clear enough that they could use it to make good, well-informed decisions? And as I read through the report, I just think this could be very confusing to policymakers and probably in the legislative process, all the different sides of the debate on issues would claim that it means --- you know, it supports their side of it. But let me quickly go through some of the things that jumped out at me. Page 23, there's a discussion about the assumption is --- they made assumptions to arrive at the lowest possible cost for Nevada Energy. I don't know how realistic that is. Other people have commented about the fact that there's no direct comparison between that cost and what it costs in California. There are --- in scenarios four, five and six, there's quite a bit of facilities that are going to be built in California. I don't see anything in the report about how facilities in California get built. And I'm hoping that there isn't a presumption that those would go into Nevada's energy rate base. There is some --- the report acknowledges that there's uncertainty about what California is willing to pay. It also acknowledges that there's great uncertainty about whether California actually would buy out of market. And it expresses hope that there would be, but that hope seems to be based on a presumption or the notion that maybe California won't be able to get the prices they think they're going to get or maybe the California providers won't deliver or maybe the law will be changed in California to increase the RPS. But in my mind, that's a huge uncertainty. There's a presumption that all energy generated in Nevada would come out of bucket one. And I know that that's being looked at, but again, I think there's great uncertainty around that. I'm not sure what a policymaker does with that. Somebody threw in a statement on page 18 that maybe some of the California load-serving entities would actually build things in Nevada and fund them. And I don't know where that comes from. There is a statement that showed up in this version that I didn't see in earlier versions, it's on page 19, that suggests that maybe the way to address --- to handle the fact that ratepayers are potentially going to bear a lot of risk is to give them any profits that are generated above Nevada Energy's return on equity. And while I could see how that might be used to help policymakers feel good about ratepayers assuming risk, but on page 25 of the report, Synapse goes to great lengths to say that there is no ratepayer benefit for doing this over Nevada

Energy's network. There are no surplus rents to be collected based on their judgment. So in my mind, that's really contradictory and could be very confusing to legislators, and again, subject, perhaps, to a lot of different interpretation. The economic impact analysis, you know, they ran everything through a model to come up with the economic impact analysis. But my sense is that it's kind of biased because --- and they acknowledge that while they looked at what the multiplier effect of spending money on construction and O&M, they acknowledged that they did not analyze what the impact is of raising electricity rates in Nevada. So that's kind of biased. There are a few other things in here. I would say this, the last thing I want to mention is the conclusion at the very end of the report seems to say that, well, the way to address the problems are better cooperation between California and Nevada. And they finish the whole thing off by saying, and it's really important to resolve issues by better cooperation before ratepayer and taxpayer funds are put at risk. I don't know how that's done. I mean, I don't know, if you hand this to a legislator or a policymaker and say to them, here's the report, here's the conclusion, I don't see how you're going to resolve some of these uncertainties before the next legislative session, before ratepayer or taxpayer funds are put at risk. So it seems to me that the final conclusion doesn't --- may not be realistic. So given all of that and the criteria I'm suggesting, I just don't --- I wouldn't support handing this to or using this report as the basis for policymaking. And I suspect that comes as no surprise to anybody on the call. That's all I have.

MS. CROWLEY:

Who is next? Who would like to make a comment? I don't have the list in front of me. Who haven't we heard from?

CHAIR:

Jason, did you want to add anything?

MR. GEDDES:

No, I said all I had to say.

CHAIR:

Senator Settelmeyer is not on the call, I believe. And Paul Thomsen is not on the call either; correct? Ellen Allman, is Ellen on the call? Sue, correct me if I'm wrong, but I think everybody from the subcommittee as at least made an initial comment.

MS. CROWLEY:

How about Jack?

MR. MCGINLEY:

Well, you know, I got to tell you, just from a high level, when we first embarked on this thing I had a lot of issues, I've got to tell you, like the scope of work and all that. But we supported it. I supported it. And then we get to the point where we've gone a couple rounds with the consultant. I feel like somewhere we've tied their hands with the budget. We gave them a limited budget. These things --- I think I mentioned this before, when we've hired consultants to do similar type of work for us, it's considerably more money for them to do this type of analysis. We're the ones who defined the scope of work, the tasks, the scenarios. They gave us a draft report. We all didn't like it or different elements of it. We told them that. They've kicked back a draft that quite frankly I think with some work we could probably make work and I could accept it. We have some specific comments that we can funnel through to you, and maybe we'd do it through Jason's suggestion where we attach them or, you know, there are corrections that could be made. Is this thing going to come out with a finite policy decision to say, you should build this line? No. But I don't think we asked them to do that. And I guess in a way I've got to stand up and back the consultants. I think they were given a difficult task, and they did it given what we've given them and the framework around it. So rather than just trash this thing --- I got to tell

you, I disagreed with several of you as we developed the scope of work and how it evolved. Originally it was just exporting. I know we've had a dispute over that. Then it became something a little more like an energy imbalance market, which was never contemplated, but that's how this thing worked. And now we're seeing a report that identifies these things, and we're not all going to agree. That's why we have different perspectives, and we come from different areas of the business. So I just feel like to now just toss in the report and say like they didn't do their job, I think is grossly unfair. I find it really ironic that I'm defending the consultants given everything that's gotten to this point. But I do. And I think there is some -- I think it's up to us to come up with policy direction and decisions as a result of this, not the consultants. What they did is what they did. And I think there ought to be some value that we find out of the report given the fact that we put constraints on them. And I just --- I find it disappointing that in all I'm hearing is negative comments, and we're about ready to just turn this thing in. Quite frankly, I'm a little surprised. And I think we should try and fix it. That's my comment.

CHAIR:

Thanks, Jack. I think that was well said. Well said. Sue, are we missing anybody?

MS. STEPHENS:

I'm sorry, I'm not sure because I can't remember who's spoken up so far.

MS. CROWLEY:

Sue gave me the list. I think it looks like we've gotten everybody.

CHAIR:

Why don't we do this? I realize there's reservation about this report and I'm going to detail a couple of mine just so that everybody knows I share a lot of the concern. I have commercial evidence that the numbers that were used are not where they should be, whether it's the cost of generating or the cost to build generating facilities or the transmission. I think that some of the conclusions are still in there that I think could be regarded as unsupported. I agree with Jack, that it's not their job to put in the policy recommendations. Jason has laid out a very nice path forward for us, notwithstanding our reservations with the reports. There is good material in the report, particularly on the direct revenues. I don't know if it's accurate, I'd like to get a sense of that. How do people feel about accepting this report with the caveats as Jason described, and submitting it as a package from the subcommittee to the Task Force, while pointing out many of the points that Jason and Jack made, but keeping in mind the concept that Kathleen put out there, which is maybe the whole thing doesn't belong on the cutting room floor. And with all temerity and humility, let me offer that as a potential path forward. And if folks have a very strong discomfort with that, believe me, I completely understand. Let me throw that out and see if that's a path forward. And you know, we can all write our various pieces that we're not comfortable with. But let me throw that out as a proposal for a path forward, once again it would be to wrap the report with our concerns and caveats but to vote to accept it and forward it to the Task Force for the overall Task Force's consideration.

MR. BAAK:

Ian, this Jim Baak; if I could jump in and respond?

CHAIR:

Yes, please. Thank you.

MR. BAAK:

I can certainly agree to that. One further clarification though is, if we're going to be forwarding this to the full Task Force, are we going to be including any recommendations, and if we're including recommendations, would

the recommendation then be to take elements of the report --- are we going to suggest specific elements from the report to take and are we going to recommend a course of action for the full Task Force to build on the pieces that we think are usable out of the report in order to move forward? Are we going to have any specific recommendations from this subcommittee?

MR. GEDDES:

This is Jason. As it flips back to the policy side, I would say that we give the whole report to the committee and that we don't go through the report and say what we like and what we don't like other than in the comments that people prepare on where it may have missed the boat. But I think we use it as a background for the discussion to forward policies to the full group, not necessarily if they're supported or not supported in that business case, per se, but policies that this subcommittee agrees upon. Some of them would be in business case; some of them may not. We had several ideas that were put to the group before we merged that we should say, this was addressed by the business case, this wasn't, is this policy to forward, is it not, and have that discussion separate. But I wouldn't say that we say what in the report we would pull policy from or that we develop policy using the report as a basis.

MR. BAAK:

And Jason, I guess my question on recommendations is a recommended course forward for how do we move forward with this, not specific policy recommendations, not to preclude or presume anything that the Task Force, full Task Force might decide upon, but recommending a course forward that we need to --- we need this additional information in order to make an informed decision, this is what we recommend doing moving forward. Just a question.

MS. CROWLEY:

Well, we would have to pose those recommendations, you know. I think if members of the committee had recommendations about certain pieces that they did not want to go forward or would like the full Task Force to not consider, I think it's up to the committee. I know people have some very specific ideas about some of the discomfort or some of the things that we should take forward and maybe embellish upon or add to. And I don't know how we do that. Do we ask for a memo from each of the Task Force members or do we try to pull together the notes, the meeting minutes best that we can, Sue and I, and then distribute that out and say aye or nay? I'm not sure what the committee would like to do, or how they would like to do that. But, I don't know if we can make recommendations without getting specific.

MR. CANDELARIA:

Stacey, this is John Candelaria. I just wanted to ask, do we have to accept the report or can we just say Synapse has completed the report and then provide recommendations as Jim Baak recommended about what's good in the report and then what further work is required so that we can get to the business case that we all thought we were headed towards in the RFP that we prepared?

MS. CROWLEY:

Yes.

MR. CANDELARIA:

Synapse is not going to do anything else; right?

MS. CROWLEY:

Right.

MR. CANDELARIA:

They're done. And so really our only option is to say, okay, well there's some stuff in the report that we think is good and there's some further --- there's some recommendations on what needs to be done to complete the steps

of creating a business case to determine whether it makes sense to have some type of mutual benefit, mutual resource sharing arrangement.

MS. CROWLEY:

Can you get specific on that? I've got notes here of things that I'm asking myself when I read the report where I think we can take some of those numbers and turn them into some business case questions, but it would likely take a little more work. And that's fine. We can either try to do that internally or find folks who can help us with that.

MR. CANDELARIA:

And Stacey, I guess what I was suggesting was kind of that, where we accept the report where we think they're factually inaccurate or we've --- individual members believe that they've made conclusions that are not supported. I think we need to attach that as an addendum, so that the full Task Force has this full report and all the numbers. And we say, well we think they're wrong here, but then as we take the next step in the policy recommendations to the full group we poll a recommendation and say, this is supported by the report, this is not supported by the report or this is good policy, the report doesn't support it.

But these are the numbers that we have that can dispute what's in the report and why we think it's good policy anyway. Or that we have no policy recommendations. But I think we just need to get the full report to everybody. If there are factual issues with it, then we attach those so the full committee has that. But then we have a discussion about policy and what to bring to the full group for discussion and their consideration.

MS. CROWLEY:

I guess one thing to consider is this is still a draft. It's considered a draft. I have a little issue with it being --- well, I don't know, I want the group to decide.

MR. JACOBSEN:

This is Dan Jacobsen. Could I jump in here? I really couldn't vote to accept the report in any way. I mean, there's a place in the report that says the kind of wording that gives the reader the impression that the analysis suggests that building these lines is a plausible opportunity. There's another place that says this is an attractive economic development opportunity for the state. And I just don't think the report is solid enough to support those kinds of conclusions. So maybe I'll be the only one that wouldn't vote to accept it and move it forward. I mean, frankly, I think the other members of the committee, of the Task Force probably should see what's here. But I couldn't vote to accept it for this and many other reasons. And by the way, I do have a memo, a three-page memo, I'd be happy to email.

CHAIR:

That's exactly what we would be looking for, would be your comments attached to travel with the report? But you're saying that you want them to see it, but you don't want them to see it. So I'm not quite ---.

MR. JACOBSEN:

Here's the thing. I'm not opposed to them seeing it. It's a big Task Force, and they probably would benefit from seeing it. But to vote to accept it, to give it the kind of credence and say, you know, we approve this, ---.

CHAIR:

Well, how about the vote is really nothing more than we vote to pass it onto the Task Force. I don't want to ascribe your --- I don't want to attach your approval to it. I'm not trying to do that at all, just so we're really clear. The main thing is whether we --- cutting room floor or with comments, caveats, three-page memos, do we forward it to the overall Task Force.

MS. EASTLEY:

Mr. Chairman?

CHAIR:

Yes.

MS. EASTLEY:

It's Joni Eastley. Are we concerned at all that this report could be passed along, I mean, once it becomes public without all of the attached explanations and caveats that we've been discussing this afternoon?

MS. CROWLEY:

This is Stacey. That's a concern.

MS. EASTLEY:

Yes, and I am very concerned about that. And then I'm also concerned that I don't want this subcommittee to be open to being accused of cherry picking any of our pet conclusions.

CHAIR:

Well, we're over our time. Stacey, I'm going to request guidance from you on this. I don't think we have a consensus on this call. I'm not even sure I want to use the word yet. But we don't have a consensus. I'm sure we can call a vote to see what people want to do. I don't know whether you want to do that or not. But if there is more time for us to think this through, I think it may be beneficial. I think you've got a lot of strong arguments on both sides. There are a lot of good arguments on both sides. So you may have the votes to forward it on, but you certainly don't have the good will of the subcommittee to do that yet.

MS. CROWLEY:

What if we requested those comments from the committee members; look at them; group them into chapters, if that makes sense, and maybe some suggestions on what we would do going forward. Like John was mentioning, and Jim, if some of this is useful, and I think some of it is, what can we do with it? I would say, for example, I don't want to get into too much detail here, but maybe we just request the comments from the subcommittee members and take that into consideration, maybe try to hold another call, if people don't mind. When we talk about timing, it has to make sense and feel right to the Task Force. If it doesn't, then there's no sense rushing something. Synapse probably will do no more work on this. They have reached their budget. So we just decide what to do as a Task Force, or as a subcommittee. Can we use some of this report, some of the information in the report, to move forward and how do we do that? So perhaps we can ask committee members to supply us with their thoughts on that today and try to get back together in a week; would that be reasonable?

CHAIR:

I think that's a great idea. I'll add this. I think that seeing everybody's comments in writing will really inform the discussion. I think it will go a long way towards helping us figure out do we have enough comments surrounding this that we can feel okay passing it forward or, to Joni's point, are we too nervous about this report out there on its own that we still don't feel comfortable with accepting it? So I think that's a great idea. Is there anybody that has an objection to that part forward?

MR. BAAK:

No objection from me.

MS. CROWLEY:

Can we get some comments in a timely manner? I want to find out what folks' schedules are like; what if we ask for comments by the end of the week; is that reasonable?

MS. EASTLEY:

Yes.

MS CROWLEY:

And you can just email them to Sue or me. We can compile them and maybe send out an email with regarding what we want to do next. I want to suggest something. There was the NEAC report, which is referred to in this report, and that, for those who don't remember, is a transmission routing study that was done; it also had a bit of a financial analysis that was done as a supplemental report to the transmission routing study. That report has some financial information that could benefit the Task Force. And it was considered to be sensitive information, but not confidential. I would like to ask the NEAC Board if we can share that information with this group and use that in addition to the numbers that the business case created and see if that helps folks understand or see a way forward to create a business case. Is that acceptable?

CHAIR:

I think that would be extremely helpful, yes.

MS. CROWLEY:

It's a very complicated set of numbers, and I want to figure out how best to do it. Perhaps I would host a webinar or conference call to go over one or two of the spreadsheets line by line, so that people understand it. And maybe I can offer that for next week.

CHAIR:

Are we having an in person meeting next week?

MS CROWLEY:

Our full Task Force meets Wednesday, October 17th at 1:00 p.m. in both Vegas and Carson. We could try to get together again like we did last time for those who could before that meeting. Ian and Jason, I think, Jason, you're going to be unavailable; is that right?

MR. GEDDES:

Yes.

MS. CROWLEY:

And Ian, you're going to be in Las Vegas?

CHAIR:

Yes.

MS. CROWLEY:

I could go over that as an agenda item for the full Task Force.

CHAIR:

Stacey, I think that's a wonderful idea.

MS. CROWLEY:

We'll do that, we'll add that to the agenda and I'll make sure that that information gets out to everybody and posted properly. And just know that it's kind of a complicated set of documents, and I'm happy to walk everybody through it. And if we could get comments by Friday, I would love it. Thank you so much, Ian and Jason, and everyone who has commented. We know this is not exactly what we thought it would be, but I think we can glean some value out of it.

CHAIR:

Agreed. At the risk of pushing this along, I'm going to close discussion on item four on the agenda and move to item five and say that is deferred until we make a decision on the actual report. Given that we're late, I'm going to move straight to item six. And Stacey just laid out the next steps. Please get your comments in by Friday, and we'll look to have a discussion of the NEAC economics next week.

End of verbatim transcription.

5. Discussion and possible action regarding list of policy topics.

This agenda item was deferred.

6. Discussion of future agenda items and announcements.

This agenda item was deferred.

7. Set time and date of next meeting

The next meeting was scheduled for Tuesday, October 9, starting at 3:00 p.m.

8. Public Comment and Discussion.

Mr. Hazard stated that the endeavor was supposed to prove once and for all that there was a business case for a transmission line, which had value; however, he said he believed that, based on today's comments, the decision was made the day that the Governor issued his Executive Order and that it was just being justified. He also stated that he thought the draft report was very thorough and stating the risks, the unknown, the costs to all including ratepayers, and recommended that the committee not "cherry-pick" parts of the report that they do not like; otherwise, he believed that it would not be a fair and equitable process. He thanked the committee.

Ms. Ellis commented that she agreed with Mr. Hazard. She also said that she enjoyed reading the Synapse draft report because it identified what is attractive and what might not be and discussed the unknowns and perhaps a legitimate case does not exist, and that it would be honest to tell the Governor this. She said that she found the reference in the report to the CPUC website, and her concern was that people will not necessarily read the entire report. She concluded by saying that she was looking forward to the NEAC report, and that the consultant did their job and that you may not be able to find out what California's intentions are. She thanked the committee for the opportunity.

9. Adjournment.

The meeting was adjourned at 5:25 p.m.